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Message Text

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43
ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

/055 W
---------- 053580
R 160921Z JUN 75
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 898

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E.O. 11652: N/A
TAGS: ETRD, JA
SUBJ: GOJ STUDYING TAX RESERVE PLAN FOR LOSSES IN LARGE SCALE PLANT EXPORT DEALS

1. RECENT PRESS REPORTS HAVE INDICATED THAT GOJ MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) IS STUDYING ESTABLISHMENT OF A SYSTEM UNDER WHICH UP TO 25 PERCENT OF THE VALUE OF A PROPOSED PLANT EXPORT TRANSACTION OF AT LEAST 100 BILLION YEN IN VALUE COULD BE PUT ASIDE AS A RESERVE AGAINST LOSSES THUS PROVIDING FAVORABLE TAX TREATMENT. PURPOSE OF THE SYSTEM WOULD BE TO ENCOURAGE PLANT EXPORTS DURING TIMES OF UNCERTAINTLY AND TO PARTIALLY COMPENSATE FIRMS FOR ANY LOSSES INCURRED

2. MITI OFFICIALS AS WELL AS INDUSTRY SOURCE (JAPAN MACHINERY FEDERATION) HAVE CONFIRMED TO EMBASSY THAT SUCH A SCHEME IS UNDER STUDY. ALL STRESS, THOUGH, THAT DETAILS OF SCHEME, AS WELL AS QUESTION WHETHER SCHEME SHOULD BE ADOPTED, REMAIN UNDECIDED. MITO OFFICIALS APPRECIATE FACT THAT EXPORT PROMOTION SCHEME SUCH AS THIS, IF ADOPTED, COULD SUBJECT JAPAN TO CRITICISM FROM OTHER INDUSTRIAL COUNTRIES.
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3. COMMENT: AS WASHINGTON AGENCIES AWARE, PREVIOUS
FAVORABLE TAX TREATMENT FOR OVERSEAS MARKET DEVELOPMENT
AND ACCELERATED DEPRECIATION FOR SALES SEVERELY CRITI-
CIZED BY USG AND OTHERS AS JAPANESE EXPORT SUBSIDIES.
HODGSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, TAX PRIVILEGES, INDUSTRIAL PLANTS, BUSINESS LOSSES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO08000
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750208-1091
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750645/aaaabotu.tel
Line Count: 66
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
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Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
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Review Exemptions: n/a
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Review Release Date: n/a
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Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOJ STUDYING TAX RESERVE PLAN FOR LOSSES IN LARGE SCALE PLANT EXPORT DEALS
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